



President's Message

It has been a highly productive first year for Cannara and I want to commend the entire team on delivering a number of impactful milestones in our first year within this exciting and continually evolving cannabis sector.

Our goal of establishing Cannara as a vertically integrated entity within the cannabis industry is coming closer to realization;

Construction of Phase 1 at our Farnham facility spanning 170,000 sq. ft. within our 625,000 sq. ft. facility will be complete this summer.

Health Canada has confirmed that they await the submission of an evidence package regarding the Farnham facility and will undertake a review upon receipt of same. We expect this to translate into the granting of a cultivation license in the fall of 2019.

Cannara continues to pursue agreements with top tier partners for beverages, edibles and other product offerings, which the impending Canadian legislation will make legal for production and distribution within Canada, in October 2019.

Cannara's subsidiary, Global shopCBD.com, has successfully closed a financing initiative in excess of \$8 million CAD to support the launch of our e-commerce on-line platform for the sale and distribution, in the US, of hemp-based CBD products.

Financing Initiatives

Cannara has raised in excess of \$55 million CAD in its first year and this will provide the necessary resources to complete construction of Phase 1 and execute on our business plan to establish ourselves as one of Canada's largest indoor cultivating facilities which will be leveraged for both the growing and processing of cannabis and cannabis-related products.

Capital Market Strategy

Subsequent to the approval of Cannara's Non-Offering Preliminary Prospectus in the fall of 2018, Cannara listed its common shares on the Canadian Securities Exchange ("CSE") in January 2019, under the ticker LOVE. Since listing our common shares on the CSE, Cannara has been one of the highest volume trading stocks on the CSE. As a result of the high level of interest in Cannara, our common shares were included in TSX- listed Horizons Marijuana Life Sciences Index ETF.

Farnham Facility

Construction of Phase 1 at our Farnham facility is progressing well and expected to be complete this summer. We have expanded the initial design to accommodate an R&D lab and provided for space to house Cannara's Business Development corridor which will allow Cannara, in conjunction with partners, to develop a range of cannabis-infused products once the Canadian legislation for cannabis-infused edibles and beverages becomes effective in October 2019.

Possessing one of the largest indoor grow facilities in Canada has multiple advantages. The economics of being in Quebec and having access to the lowest Hydro rates in the country within a facility that has access to 15 MW of power, provides a very material competitive advantage in terms of cost of production, over Cannabis cultivation outside of Quebec.

We continue to leverage the utility of our Farnham facility by generating in excess of \$2 million per annum in rental revenue from short-term leases with non-cannabis-related companies.

Conclusion

The ongoing shortage of cannabis and its derivative products in Canada has made it clear that the market is still in need of Cannabis companies that can produce a consistent supply of quality cannabis and cannabis-related products. Cannara Biotech Inc intends to fill that void and we possess the facility, financial capital and human capital to deliver on our mission!

I am committed to keeping you informed of our progress on a regular basis, as well as providing updates on regulatory developments and industry news as it affects Cannara.

With sincere gratitude,

Zohar Krivorot